

Message Text

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53

ACTION EB-06

INFO OCT-01 ARA-06 EA-06 NEA-06 ISO-00 SP-02 AID-05 NSC-05

RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

PA-01 PRS-01 USIA-06 CIAE-00 COME-00 FRB-01 INR-05

NSAE-00 XMB-02 OPIC-03 LAB-01 SIL-01 FEA-01 INT-05

OES-03 DRC-01 /088 W

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R 221200Z OCT 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 6111

INFO AMEMBASSY CANBERRA

AMEMBASSY NEW DELHI

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 8031

E.O. 11652: N/A

TAGS: EIND, EMIN, BR

SUBJECT: VISIT BY INDIAN TRADE MINISTER ON IRON ORE EXPORTERS

CLUB

REF: BRASILIA 7853

1. INDIAN MINISTER OF INDUSTRY AND TRADE DEBI PRASAD
THATTOPADHYAYA LED A COMMERCIAL MISSION TO BRAZIL DURING WEEK
OF OCTOBER 14. WHILE IN BRAZIL, THE INDIAN OFFICIAL MET BRIEFLY
WITH PRESIDENT GEISEL AND HELD MEETINGS WITH THE GOB MINISTERS
OF FOREIGN AFFAIRS, MINES AND ENERGY, AND INDUSTRY AND COMMERCE.
THE INDIAN MINISTER ALSO VISITED RIO TO HOLD DISCUSSIONS WITH
OFFICIALS OF THE CRVD, THE GOVERNMENT-OWNED MINING COMPANY.
THE EXPRESSED PURPOSE OF THE VISIT WAS TO DRUM UP BRAZILIAN
SUPPORT FOR AN INTERNATIONAL ASSOCIATION OF IRON ORE EXPORTING
COUNTRIES WHICH THE VISITOR DESCRIBED AS AN "OLD IDEA BUT STILL
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IN THE EMBRYONIC STAGE."

2. PRESS REPORTING ON THE VISIT WAS LIGHT AND THE MAIN SUBSTANTIVE POINT COVERED WAS A STATEMENT BY THE INDIAN MINISTER THAT DURING HIS MEETING WITH BRAZILIAN PRESIDENT GEISEL, THE LATTER DEMONSTRATED A FAVORABLE ATTITUDE TOWARD THE IDEA OF AN IRON ORE EXPORTERS ASSOCIATION. THE ONLY GOB PRONOUNCEMENT ON THE SUBJECT WAS A STATEMENT BY MINISTER OF MINES AND ENERGY UEKI DURING A LUNCHEON IN HONOR OF THE INDIAN MINISTER. UEKI SAID "OUR NATIONS HAVE A MUTUAL INTEREST TO ASSURE JUST AND APPROPRIATE RECEIPTS FOR OUR RAW MATERIALS EXPORTS. THIS AND OTHER SIMILAR PROBLEMS WILL REQUIRE CLOSE COOPERATIVE AND, WHENEVER CONVENIENT, JOINT ACTION. IN PURSUING THE CORRECT FORMULAS FOR THIS COOPERATION, WE SHOULD TAKE INTO ACCOUNT THE FACT THAT EFFECTIVE RESULTS WILL ONLY BE REACHED IF ALL THE EXPORTERS ARE PREPARED TO ACT TOGETHER"...."IN THE CASE OF IRON ORE, THERE WILL BE COOPERATION AND NOT CONFRONTATION WITH CONSUMERS." THE INDIAN MINISTER MADE SIMILAR STATEMENTS TO THE PRESS, COMMENTING THAT THE PROPOSED ORGANIZATION WOULD BE FLEXIBLE AND WOULD NOT BE AN ORGAN OF CONFRONTATION WITH IMPORTERS.

3. DISCUSSIONS WERE ALSO HELD ON INCREASING THE CURRENT LOW LEVELS OF BRAZIL/INDIAN TRADE. PRESS ARTICLES ACKNOWLEDGED THAT THE POSSIBILITY OF A SIGNIFICANT EXPANSION IN TRADE BETWEEN THE TWO COUNTRIES WAS NOT GREAT AND THAT THERE EXISTS NO SUITABLE SHIPPING LINK BETWEEN BRAZIL AND INDIA TO SUPPORT LARGE LEVELS OF TRADE. BRAZILIAN OFFICIALS DID MENTION THE POSSIBILITY OF PURCHASES OF RAILROAD TRACK FROM INDIA, WHICH WOULD HELP RELIEVE A SERIOUS BOTTLENECK IN BRAZIL'S RAILWAY EXPANSION PROGRAM.

4. IN A CONVERSATION WITH EMBASSY OFFICER, THE DIRECTOR OF FOREIGN MINISTRY'S BASIC PRODUCTS DIVISION, SERGIO BATH, SAID THAT THE GOB RESPONSE TO THE INDIAN VISITOR WAS THAT BRAZIL HAS AN "OPEN MIND" TOWARD A POSSIBLE IRON ORE EXPORTERS ASSOCIATION AND WOULD BE INTERESTED IN SOME MEASURE OF COOPERATION AMONG PRODUCERS BUT THAT BRAZIL WAS OPPOSED TO THE FORMATION OF A CARTEL OR TO EFFORTS THAT FOLLOWED THE OPEC PATTERN. FONOFF OFFICIAL SAID THAT A CARTEL AMONG IRON ORE EXPORTERS WAS NEITHER DESIRABLE NOR POSSIBLE, GIVEN THE ECONOMIC AND POLITICAL DIVERGENCE AMONG PRODUCER COUNTRIES, BUT THAT THERE WAS AN ECONOMIC JUSTIFICATION FOR COOPERATION BECAUSE IRON ORE LIMITED OFFICIAL USE

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PRICE WERE TOO LOW COMPARED TO STEEL AND TOO MANY INVESTMENTS WERE BEING MADE WORLD-WIDE WITHOUT RELATION TO THE MARKET. BATH SAID HE WOULD ATTEND INITIAL "TECHNICAL" PART OF GENEVA MEETING AND THAT MINISTER UEKI'S ATTENDANCE AT LATER STAGE WOULD DEPEND ON HOW SMOOTHLY MEETING WAS PROGRESSING.

5. EMBASSY WAS INFORMED BY AUSTRALIAN AMBASSADOR THAT AUSTRALIA HAS NOT YET DECIDED WHETHER OR NOT TO SEND REPRE-

SENTATIVE AT MINISTERIAL LEVEL TO GENEVA MEETING.
CRIMMINS

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